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<b>PART B:</b>	<b>RECOMMENDATIONS TO COUNCIL</b>
<b>REPORT TO:</b>	<b>FULL COUNCIL</b>
<b>DATE:</b>	<b>5 NOVEMBER 2020</b>
<b>REPORT OF THE:</b>	<b>CHIEF EXECUTIVE STACEY BURLET</b>
<b>TITLE OF REPORT:</b>	<b>SUBMISSION OF KPMG CASE FOR CHANGE</b>
<b>WARDS AFFECTED:</b>	<b>ALL</b>

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## **EXECUTIVE SUMMARY**

### **1.0 PURPOSE OF REPORT**

- 1.1 The KPMG Case for Change is presented in this report. This has been prepared in response to an indication by Government earlier in the year that an invitation would be issued to invite proposals for local government reform in York and North Yorkshire.
- 1.2 The Government's invitation to submit has now been received. Outline proposals are required by 9 November and full proposals by 9 December.
- 1.3 KPMG was commissioned to produce an independent, evidence-based study on the optimal way to reorganise within the York and North Yorkshire geography. Their report is attached as Appendix 1.
- 1.4 Elected Member consideration of this matter is critical given the timeline set out by Government. If Ryedale District Council is to submit this, or any other proposal, this must comply with the deadline of 9 November.
- 1.5 It should be noted that all of the other local authorities within the York and North Yorkshire footprint have also been issued with this invitation. Their elected representatives can also choose to submit a proposal by 9 November. If they do so, Government may choose to proceed with their proposals.

### **2.0 RECOMMENDATION(S)**

- 2.1 It is recommended that Council:
- (a) approve the submission of the outline Case for Change to the MHCLG as set out at Appendix 1 to this report to comply with the deadline of 9<sup>th</sup> November 2020.
  - (b) authorise the Chief Executive to finalise the Case for Change and submit the final proposal to the MHCLG to comply with the deadline of 9<sup>th</sup> December 2020.

### **3.0 REASON FOR RECOMMENDATION(S)**

- 3.1 In July 2020 the Minister for Regional Growth and Local Government advised Council Leaders that local government in York and North Yorkshire would need to be reformed on unitary lines to attract devolution powers and investment.
- 3.2 As a result of this information, and to secure a devolution deal for York and North Yorkshire, preparatory work was undertaken including the commissioning of an independent, objective study (subsequently referred to as the Case for Change). The aim of the study was to determine the optimal way for local government reform for elected member consideration if required.
- 3.3 On 9 October 2020 the Council received an invitation from the Secretary of State for Housing Communities and Local Government to submit a proposal for unitary local government for the North Yorkshire area. Proposals may be submitted by individual councils or jointly with any other councils in York and North Yorkshire.
- 3.4 The invitation to submit proposals for a single tier of Local Government in the York and North Yorkshire area includes guidance from the Secretary of State detailed in a Schedule to the invitation. Councils must have regard to the guidance set out in the Schedule and to any further guidance issued by the Secretary of State. The guidance is attached to this report at Appendix 2.
- 3.5 The invitation to submit a proposal is made under the provisions of the Local Government and Public Involvement in Health Act 2007 (“the 2007 Act”). Section 2 of the 2007 Act sets out the types of proposals permitted under the legislation and includes a proposal for a single unitary tier consisting of 2 unitary authorities for the County area as proposed in the Case for Change at Appendix 1.
- 3.6 The proposal would enable efficient governance, scale in service delivery, clarity in democratic representation and a stronger voice to central government. Delivery of savings, safeguarding access to local services and driving forward the devolution agenda are also at the core of the proposal.
- 3.7 The Council will be aware that North Yorkshire County Council has also prepared a proposal to be submitted in response to the MHCLG letter. Their approach is based on the existing North Yorkshire County Council merging with the seven district and borough councils to form one unitary authority. City of York Council would remain as a unitary council. There are some indications that these two unitaries would work in strategic partnership in key areas. However, the publication of NYCC’s report has not yet taken place to confirm this. It is also important to highlight that this matter will be subject to democratic consideration by NYCC Elected Members on 4 November.
- 3.8 There are also some indications at this stage that York will submit a proposal to remain as a unitary authority.
- 3.9 It is unclear at this time if York is minded to support the North Yorkshire County Council proposal with respect to reorganisation within North Yorkshire as well as submit its own proposal to remain as is. However in recent papers published by York, reference is made to a strategic partnership with North Yorkshire moving forwards.
- 3.10 The seven district and borough councils may submit a joint proposal (subject to

democratic approvals and, in some councils, subject to confirmation that NYCC will submit its own proposal).

- 3.11 Based on KPMG’s analysis, submission of the proposal for local government reorganisation in York and North Yorkshire as set out in Appendix 1 to this report will ensure that the MHCLG considers a way forward that best meets the needs of the Council, its communities and businesses.

#### **4.0 SIGNIFICANT RISKS**

- 4.1 If this matter is not considered, Elected Members will not have had a public opportunity to consider and decide upon their response to this significant matter given the pace and timing that is being applied.
- 4.2 If the proposal set out at Appendix 1 is to be submitted in accordance with the MHCLG timescales as indicated in the letter dated 9th October 2020, a decision will be required at this Council meeting
- 4.3 It should be noted that the Government’s invitation to submit and the deadline for submission has come in advance of the White Paper and only 3 areas of the country have been invited to proceed with local government reorganisation at this time. Leaders of district and borough councils have stated in the strongest terms that this is not the time to consider such matters given the current challenges that councils and local communities and businesses are facing and Covid response and recovery should be the priority at this time. There is significant risk as a consequence of this course of action. Government has not yet responded.
- 4.4 It is anticipated that further work will be needed to finalise the Case for Change to ensure that the specific issues set out in the guidance from Government are addressed. This work will be undertaken within the timescale to ensure that a final proposal is submitted to meet the challenging 9<sup>th</sup> December 2020 deadline. For this reason a delegation is sought to the Chief Executive to finalise the Case for Change and submit it to MHCLG.

#### **5.0 POLICY CONTEXT AND CONSULTATION**

- 5.1 All policies of the Council will be affected by this matter and associated Elected Member decision-making.
- 5.2 The Government has announced its intention to publish a White Paper on Local Economic Recovery and Devolution. It was originally expected to be published in October 2020 but the latest information from Government indicates that it is likely to be delayed until early 2021. The White Paper is expected to set out proposals for the reform of local government as part of proposals for devolving more powers to unitary authorities.

#### **6.0 REPORT DETAILS**

- 6.1 The Case for Change attached at Appendix 1 has been prepared and meets the requirement of an outline proposal that can be used as an outline submission proposal to Government if Elected Members agree to do this course of action.
- 6.2 In the preparation of the Case for Change, different options were considered, with the “East & West” model being established as the optimal model for reorganisation using

standardised evaluation criteria which reflect both government priorities and local conditions. It establishes two new unitary authorities, large enough to be efficient, but small enough to remain connected to the communities.

- 6.3 The proposal is for an “East” authority with a population of 465,375 comprising of the Districts of Ryedale, Scarborough, Selby and York and a “West” authority with a population of 363,297 comprising of Craven, Hambleton, Harrogate and Richmondshire. This creates two relatively equal sized authorities around the 400,000 resident threshold which is regarded as optimal by government.
- 6.4 This model will deliver for the people of York and North Yorkshire through:
- Ensuring that both unitary authorities have the scale and capacity to invest in improved service delivery and to achieve financial efficiencies.
  - Reflecting functional geographic footprints with clear potential for strong, inclusive and green growth.
  - Unlocking the potential of York and allowing it to address key challenges around housing delivery, capacity and improvement of children’s services.
  - Setting the Mayoral Combined Authority up for success with two equal partners, bringing balance, equity and fairness to the delivery of devolution.

## **7.0 IMPLICATIONS**

7.1 The following implications have been identified:

a) Financial

The financial implications of the proposals are set out in the Case for Change at Appendix 1.

If Elected Members agree to proceed with submission, a supplementary budget will be required to support any additional work that takes forward the Council’s agreed approach. A report will be brought to a subsequent Policy and Resources Committee to agree this.

It should also be noted that the delivery of any proposal for local government reorganisation is going to require significant redirection of resources to support the development of both the detailed proposal and subsequent work on implementation. Further details of the specific resources needed for implementation would be brought to members when more information is known regarding the Government’s preferred option.

b) Legal

Proposals in response to an invitation from the Secretary of State are submitted under Part 1 of the Local Government and Public Involvement in Health Act 2007.

c) Other (Equalities, Staffing, Planning, Health & Safety, Environmental and Climate Change, Crime & Disorder)

At this stage, there are no direct equality implications arising out of the submission of the Case for Change. Implementation of any proposal to reorganise local government in York and North Yorkshire will incorporate detailed consideration of these issues.

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**Background Papers:**

Appendix 1 - KPMG Case for Change  
Appendix 2 - Schedule

**Background Papers are available for inspection at:**  
N/A